



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE DEPARTMENT

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WILLIAM F. WELD  
GOVERNOR

July 16, 1997

ARGEO PAUL CELLUCCI  
LIEUTENANT-GOVERNOR

The Honorable Newt Gingrich  
Speaker of the House  
H-232 Capitol Building  
Washington, DC 20515

Dear Mr. Speaker: *Newt*

I am writing to urge expeditious consideration of H.R. 1054, the Internet Tax Freedom Act. If the Congress acts swiftly on this important legislation, the potential for economic growth from electronic commerce will be assured.

I understand that Congress has been contacted by representatives of the many tax jurisdictions around the country who argue that H.R. 1054 is a threat to their future revenue. I could not disagree more. In Massachusetts, we have experienced exponential growth in Internet technologies and electronic commerce at the same time our revenue has surged. Electronic commerce has not been a threat to our revenue base, instead software and telecommunications companies have led Massachusetts' economic resurgence and have helped lead our state from the brink of fiscal insolvency to eight straight balanced budgets. In fact, I have made a conscious policy decision in recent years to cut taxes on those sectors of the economy which have the greatest potential for economic growth, not to fetter these industries. We should not give into the Malthusian logic which argues that the most dynamic sectors of the economy are threats to the fiscal soundness of state governments.

The real threat to Massachusetts' future economic health is the taxing power of hundreds of jurisdictions who are thinking only of maximizing their tax revenue and not considering the creative energy and potential of the Internet. The Congress has a constitutional obligation to assess the various threats to the nation's interstate commerce. I hope you will agree with me that onerous taxation and regulation of the Internet could jeopardize one of the nation's most promising commercial technologies.

Sincerely,

William F. Weld

